

# NEC ACTION REPORT

National Economic Council, Inc., 7501 Empire State Bldg., New York 1, N. Y.

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## CUTTEN SPEAKS FOR NEC ON CBS RADIO FORUM

### Opposes Federal Aid To Education

Dr. Geo. B. Cutten, NEC director and former President of Colgate University, represented NEC on Dwight Cook's CBS program "Cross Section U.S.A.," May 29th, in debate on Federal Aid to Education.

Other speakers were Thomas Boushall, President, Bank of Virginia, for the U. S. Chamber of Commerce, also against Federal Aid; Mrs. Florence Greve, research director of the American Federation of Teachers, for the American Federation of Labor; and Clyde Hooper, for the American Farm Bureau Federation. Both supported Federal Aid.

Speaking from Durham, N. C., Dr. Cutten by his good humor and incisive logic easily "stole the show." Declaring his primary interest to be better education, he said that in his opinion Federal aid would not advance it, but rather the opposite.

"As a matter of fact," he said, "there is no such thing as Federal aid. The Federal Government has no money. It is your money and mine that they are spending, and none of their own. It is how they shall re-direct the money they have taken away from us. . . . The Constitution has given Congress absolutely nothing to do with education. . . . They have no right to grant any money for any purpose without controlling it and if they do control it, that does away with free education. . . . Not a state has asked for federal aid, and all are in better financial condition than the Federal Government."

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## NEC URGES PRO-AMERICAN POLICIES UPON CONGRESS

### Fights Vigorously for Interests of People on Domestic, Foreign, Issues

Carrying on its campaign of strenuous defense of the vital interests of the American people, NEC in late May and early June continued its fight before Congress on four domestic and six foreign policy issues.

#### Mundt-Nixon Bill

To the Judiciary Committee of the Senate, NEC said: "We believe the Bill is soundly conceived and well-adapted to aid in curbing of Communist and pro-Communist activity without in the slightest degree infringing upon the inalienable liberties guaranteed in our Constitution." Branding organized Communism as a "treasonable conspiracy," NEC further declared that "It is no infringement of liberty, but rather a protection to the liberties of all Americans, to require that all those who voluntarily take part in this conspiracy shall be required by law to make the fact known."

To the charge that the Bill would "drive the Communists underground," NEC replied: "The Communist conspiracy is *already* deeply underground. The effect of this Bill will be to penalize those who engage in the conspiracy but will not admit it, so that the conspirators will be unable to have the advantage of deceiving the American people. . . ."

#### Housing

NEC's Council Letter *How Honest is Public Housing?* went to every member of Congress and confidential sources report that its statement of basic issues has made a deep impression upon many members of both Houses. On May 17, NEC asked opportunity to appear before the House Banking and Currency Committee against the Wagner-Ellender-Taft Bill (dubbed the "WET" Bill). But shortness of time remaining before

adjournment forced Committee to curtail hearings. Significantly, however, Bill brought out by Committee Chairman Wolcott followed NEC recommendation that Federal Government should not go further down the Socialist path into more "public housing."

#### Armed Forces' "FEPC"

When the Communist-supported FEPC agitation (supported too by some good people, unaware of its implications) spilled over into demands for ending "segregation" of races in Armed Forces, NEC wrote Senator R. B. Russell of Georgia and other key Senators urging that "practices developed through long experience in the armed forces" be not disturbed. "To permit civilian interference with the right and ability of military commanders to assign military personnel where and when their trained judgment decides is fitting will not only adversely affect the morale of troops in training," wrote Merwin K. Hart, NEC President, "but might be fatally disastrous to our military forces in time of war." He urged that all troop assignments should be "decided upon strictly military considerations," and deprecating the whole agitation, observed that "nothing would better suit communist plans than to introduce racial strife into the armed forces of the United States."

By an overwhelming vote, the Senate, on May 7th, voted down the proposal to extend such political control over discretion of military commanders.

#### "Fair Labor Standards"

NEC has also asked that hearings be held on H. R. 4599, a bill by Rep. Max Schwabe of Missouri, designed to repeal one of the New Deal's big steps toward Socialism: the "Fair Labor Standards Act of 1938," and has secured others to join in its request. The findings in the Bill declare that the 1938 Act has failed in "eliminating conditions detrimental to the maintenance of the minimum standard of living

necessary for health, efficiency and general well-being of workers and is powerless to do so since Congress cannot legislatively fix wage rates paid by employers in conflict with economic forces without seriously upsetting our economy and causing widespread unemployment. . . . Seven specific ways in which the 1938 Act hurts workers, employees and the public are listed, including forcing of many low-paid workers into fields not covered by the Act, thus producing labor-surpluses; placing too great a burden upon small enterprises with a high ratio of labor costs; promoting giant monopolies and restricting production which in turn pushes up prices.

In matters pertaining to foreign relations, NEC dealt with the following:

#### A Subsidized Press?

When Bill for ERP appropriations came to House floor, it was discovered that it included payment of \$10,000,000 to U. S. newspapers, news agencies, radio chains, motion picture companies and book publishers. Ostensibly this was to compensate these beneficiaries for expenses in Europe being paid for there in "blocked currencies" which ERP beneficiary Socialist governments will not permit being changed into dollars. Dept. of State had originally suggested \$15,000,000, but sum was slashed by Appropriations Committee. Alert observers inside and outside Congress thought they saw the beginning both of "payoffs" for press and radio support of ERP, also of a venal, "kept" press. NEC wired its protest and urged that the whole amount be stricken from the Bill. "THIS LOOKS LIKE A BRAZEN ATTEMPT TO CORRUPT THE PRESS BY GOVERNMENT SUBSIDY," concluded the message.

#### ERP Appropriations Reduced

House of Representatives Appropriations Committee, under able Chairmanship of John Taber, has spent months carefully studying specific amounts asked for by ERP. When, early in June, these factual studies resulted in appropriations about 25 per cent less than ERP bureaucrats demanded and hungry European politicians expected, a mighty moan of disappointment was followed by a thunderous propaganda barrage. Only interested party for whom little was said save by John Taber and his committee was American Taxpayer.

But the annual members' meeting of NEC, on June 8, wired Rep. Taber and the Committee unanimously approving the "SALUTARY CUTS IN THE MIS-

NAMED 'EUROPEAN RECOVERY PROGRAM.' MEN SUCH AS YOU WHO HAVE MORAL COURAGE TO PROTECT THE PEOPLE'S INTEREST IN SPITE OF VAST PROPAGANDA AND PRESSURE PROVE THEMSELVES STATESMEN IN THE BEST AMERICAN TRADITION. WE EARNESTLY HOPE THAT HOUSE AND HOUSE CONFEREES WILL STAND FIRM."

#### Trade Agreements Extension Bill

One of New Deal's most cherished measures is control of tariffs on goods entering U. S. by executive branch of the Government, rather than by Congress, where the Constitution lodges it. When this year the House voted to extend these powers for one year only, but subject to the oversight and veto of Congress, Congress was only taking back some of its own power to protect American workers and consumers. Under prodding of his outraged State Dept. bureaucracy, Sec. Marshall incautiously declared that he would rather have no bill at all than this. NEC annual members' meeting unanimously wired commendation to Rep. Harold Knutson, whose Ways and Means Committee framed the bill: "YOUR SOUND CONSTITUTIONAL POSITION THAT THE ELECTED REPRESENTATIVES OF THE PEOPLE SHALL NOT Surrender their functions as GUARDIANS OF THE PUBLIC PURSE IS A GREATLY NEEDED EMPHASIS UPON THE NATURE OF FREE GOVERNMENT," said NEC members. "MILLIONS OF AMERICANS WILL JOIN WITH US IN HOPING AND EXPECTING THAT THE HOUSE AND HOUSE CONFEREES WILL STAND THEIR GROUND AGAINST THE UNLAWFUL PRESSURE OF THE NEW DEAL BUREAUCRACY."

#### Displaced Persons

NEC made strong representations to key members of both Houses, urging that whatever bill may be passed admitting displaced persons be framed to admit at the most 100,000 such persons within two years, as recommended by the Senate Judiciary Committee after long study. NEC also urged that standards of admission be as recommended by the Committee rather than along lines of "population proportions" in D.P. camps. Committee had provided for careful screening of applicants and a method of admitting more qualified agricultural workers largely from the Baltic States overrun by the USSR, rather than giving preference to one

group that has already been greatly favored in granting of admission to the U. S. A.

#### Recognition of "Israel"

NEC on May 17 dispatched to the President, the Secretary of State, two Senators and three Representatives, a vehement protest against the precipitate "recognition" of the new Zionist "state." "Why are leading men of this nation stampeding like sheep when Britain with her vast experience with that problem wisely forbears to recognize this paper state?" asked NEC President Hart. "The administration and leading congressmen are threatening," he warned, "to lead this country down the road to a third World War, a war in which thousands, perhaps millions, of Christian lives will be sacrificed for a non-Christian end, and which would certainly turn America into a totalitarian nation. We protest this betrayal of the American people."

#### The Beirut Incident

Sharply requesting the State Department to follow the traditional practices of international law, NEC protested May 27 to the Dept. of State against application of diplomatic or other pressure on Lebanon for removing Zionists on their way to fight in Palestine from a U. S. merchant ship in Beirut, a Lebanese port. "UNITED STATES CITIZENS WHO HAVE JOINED OR ARE TRAVELLING FOR THE PURPOSES OF JOINING THE FORCES OF ANOTHER STATE ENGAGED IN WAR AND WHO SERVE UNDER THE FLAG OF THAT STATE HAVE FORFEITED THE RIGHT TO PROTECTION AS AMERICAN CITIZENS. . . . WE LIKEWISE EARNESTLY PROTEST THE EXTENDING OF ANY LOAN BY THE UNITED STATES TO THE STATE OF ISRAEL. . . . WE LIKEWISE PROTEST THE RAISING OF THE EMBARGO ON ARMS TO EITHER ISRAEL OR THE ARABS. THE PASSAGE OF THE EMBARGO ACT WAS INTENDED TO BE FOR THE VERY KIND OF EMERGENCY THAT HAS ARISEN."

#### QUOTATION OF THE MONTH

"I think, comrade, that the American Communist Party is one of those few Communist Parties in the world upon which history has laid tasks of a decisive character. . . . it is essential that the American Communist Party should be capable of meeting that moment fully prepared. . . ." (Stalin, before the Communist International, May, 1929.)